



Manufactured Home Advantage Program Term Sheet

DESCRIPTION: The Manufactured Home Advantage Program offers financing resources for (1) the acquisition of manufactured home communities (MHCs) by qualified, mission-driven organizations interested in preserving the MHCs as affordable, (2) capital improvements to infrastructure in MHCs, and/or (3) the repair or replacement of MHC-owned substandard manufactured homes or the siting of new homes as MHC-owned rental units. Through this program, NYS Homes and Community Renewal (HCR) provides low interest loans as a standalone investment or in partnership with participating private institutional lenders.

ELIGIBLE BORROWERS: Not-for-profit and for-profit affordable housing organizations; resident owned communities; and individuals or companies that own MHCs. Borrowers must demonstrate experience in owning and managing affordable residential units or be able to hire/partner with an entity that has relevant expertise.

ACCEPTABLE PROPERTY TYPES: MHCs with site-capacity of five (5) or more residential units.

ELIGIBLE USES: One or all the following uses may be eligible for financing:

1. Acquisition of real property and associated pre-development costs (appraisals, site assessments and investigations, etc);
2. Rehabilitation and/or demolition of infrastructure that serves the MHC residents including, but not limited to, sewer, water and electrical systems, storage facilities, roads, and other infrastructure; and
3. Repair, replacement of MHC-owned substandard manufactured homes or siting of new manufactured homes that will be MHC-owned and operated as rentals to the extent the rentals are necessary to support the cash flow required for financing and operations.

GEOGRAPHY: Financing will promote a statewide geographic distribution.

MINIMUM AFFORDABILITY:

Homeownership units: New homeowner occupants who enter lot leases after the execution of the regulatory agreement between HCR and the MHC owner may not have incomes which exceed 120% of the HUD Area Median Income (“AMI”), as adjusted for family size. Any homeowner occupant residing in a home prior to the execution of the regulatory agreement will not be subject to this income verification.

Lot rents shall not exceed 40% of the Fair Market Rent for a two-bedroom unit published annually for the applicable HUD FMR area in which the MHC is located.

Rental Units: Households occupying rental homes may not exceed 80% AMI, as adjusted for family size. Rents for such units shall not exceed 30% of 80% AMI.

LOAN AMOUNT: No loan minimums or maximums established by HCR

MINIMUM DEBT SERVICE COVERAGE RATIO: Minimum of 1.15 of the combined debt of any participating lender(s) and HCR.

HCR SUBSIDY LOAN INTEREST RATE: Up to three percent (3%), interest-only or amortizing, as determined by HCR to achieve the minimum debt service coverage ratio or stable operating budget.

HCR SUBSIDY LOAN TERM: MHAP loans are expected to have 15-year terms, but no loan will have a term that exceeds 30-years. Any participating senior loan should generally run co-terminus with the MHAP loan.

MAXIMUM HCR SUBSIDY LOAN AWARD: \$60,000 average per manufactured home unit for community infrastructure, home improvements or replacements, and/or siting of new rental units. . In extreme preservation cases, HCR may allow a higher per unit subsidy on a case-by-case basis.

SUSTAINABLE DEVELOPMENT INCENTIVE: HCR is committed to sustainable development and to enhancing the status of MHCs as an important source of affordable homeownership opportunity in NYS. For projects that seek to make environmentally conscious and energy efficient infrastructure improvements, including, but not limited to, solar, wind, or other renewable power sources, or weatherizing or replacing homes with those that meet Energy Star standards or better, the maximum HCR subsidy per manufactured home unit shall be \$100,000.

EQUITY REQUIREMENTS: In general, a ten percent (10%) equity contribution shall be required from the borrower. Limited exceptions may be granted for non-profit applicants or in critical scenarios, as determined by HCR.

SECURITY: HCR's subsidy loan may be subordinate to a participating lender(s)' security.

ALLOWABLE COSTS:

- Origination Fee cannot exceed two percent (2%) of the loan amount;
- Developer Fee cannot exceed ten percent (10%) of allowable projects costs;
- Where applicable, Co-op Technical Assistance Advisor Annual Fee cannot exceed the lesser of one-half of one percent (0.5%) of the loan amount or \$10,000;
- Servicing Fee of the HCR subsidy loan by a senior lender cannot exceed one-quarter of one percent (0.25%) of the loan amount.

CAPITALIZED RESERVES: On a case-by-case basis, HCR may require the deposit of up to three months projected operating expenses in a capitalized reserve fund. Additionally, up to \$500 per unit may be required for a capitalized replacement reserve.

OPERATING RESERVES: For homeowner occupied units, the MHC operating budget must include \$150 per unit per year for deposit into a replacement reserve. For MHC-owned rental units, \$250 per unit must be deposited.

MORTGAGE INSURANCE: If permanent mortgage insurance is to be provided for a private senior loan, the insurer must be acceptable to HCR.

APPRAISAL REPORT: The project's acquisition cost must be the lesser of the actual acquisition cost or the value supported by an as-is value from an independent appraiser licensed to practice in the State of New York and acceptable to HCR. The appraisal must be consistent with HCR's analysis of rents and operating expenses. If needed, HCR may request an independent market study be conducted.

REGULATORY AGREEMENT: Borrowers will be required to enter into a Regulatory Agreement to ensure compliance with HCR policy, Section O of the 2019 Tenant Protection Act and Section 233 of the Real Property Law for a minimum of the term of the loan. Exceptions may be made upon approval by HCR.

The Regulatory Agreement must be executed on or prior to construction closing and shall be recorded prior to the lien of any mortgage. Requirements imposed by other loan and/or subsidy sources may be more restrictive but must be consistent with the HCR Regulatory Agreement.

ADDITIONAL REQUIREMENTS FOR CO-OPS:

- The Co-op shall provide a certified rent roll at closing that shall confirm that at least sixty percent (60%) of residents within the MFH park are members of the Cooperative.
- The Co-op Offering Plan must be a Non-Eviction Plan approved by the NYS Attorney General's office.

PROPERTY MANAGEMENT: For MFH parks with thirty (30) or more residential units, a professional property management firm must be engaged to manage the property, subject to HCR approval. Exceptions may be made for MFH park owners with a minimum of five (5) years of experience self-managing a MFH parks. In addition, if Co-op ownership, a Technical Assistance Advisor is required for the term of the loan, funded by property operations, and a professional property management firm must be engaged, regardless of the size of the park.

ENVIRONMENTAL REVIEW: Projects must comply with all applicable local and state environmental laws. The NYS HCR Environmental Assessment Unit will perform a comprehensive review.

DESIGN AND ENGINEERING REVIEW: Projects must comply with Manufactured Home Community Design Guidelines established by the agency.

FAIR AND EQUITABLE HOUSING: Projects must comply with all HCR guidelines established by HCR's Office of Fair Housing and Equal Opportunity

HCR, in its sole discretion, may, at any time and without prior notice, terminate the effectiveness of this Term Sheet, amend, or waive compliance with any of its terms, or reject any or all proposals for funding.

For more information contact:

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